

# CONSUMER ALERT

A Publication Of the South Carolina Department of Consumer Affairs

Philip S. Porter, Administrator/Consumer Advocate

## Spot Delivery Could Affect You

### A Lesson On Spot Delivery

Are you in the market for a new or used car? In today's complex and financial world there are many opportunities awaiting you. You can buy cars after customary business hours and even into the very late evenings at some places, but is this really for your convenience?

Car buyers beware! There is a confusing and sometimes frightening concept out there called 'spot delivery.' Spot Delivery is a term used most commonly in the auto industry. Spot Delivery occurs when a dealer allows a consumer to take possession of a vehicle before completing all aspects of the credit verification process. The vehicle is delivered to the consumer based upon a conditional credit approval.

Generally, if the buyer and seller sign a contract it is binding on both. If the dealership demands the car back just because it did not know how good the customer's credit was, this would be an illegal act. Even so, some dealers sought to avoid this problem by having customers sign or initial disclaimers indicating they (consumers) agree to return the vehicle if the customer does not meet the finance's underwriting.

The credit application process

involves verification of various forms of credit information. Often times, it is hard to verify credit information after standard business hours.

From time to time, consumers are contacted one or more days after the sale and asked to return the vehicle. The consequences of returning the vehicle sometimes cause the consumer distress and embarrassment as he or she has become attached to the vehicle.

In one instance, a South Carolina couple suffered the consequences of spot delivery without knowing they had agreed to it.

The couple entered a dealership on a Saturday afternoon to purchase a new vehicle. The couple and the salesman reached an agreement on the price. They gave information for credit approval and a contract with credit terms was signed. The couple was asked to sign other paperwork and was told that it regarded insurance and warranty. The couple soon, thereafter, left the dealership feeling happy with their new purchase.

To their surprise, three days later they received a call from the dealership asking them to return their new car because their credit was not approved. The couple returned the car and after asking questions they learned that they had actually signed a disclaimer, which they were led to believe was insurance and warranty, saying that if they were not approved for credit then they would have to return the vehicle.

They ended up feeling as though they had been tricked.

The lesson to be learned is that you must read everything you sign and in today's market beware of 'spot delivery.'

See the checklist below before purchasing a car.

## CONSUMER CHECKLIST

*Buying a car can be a difficult process. Below please find some questions about credit and loans that you should ask. Remember that a call or a visit to a dealer should help clarify details about low interest loans and car credit.*

### Questions About Car Credit:

1. Will you be charged a higher price for the car to qualify for the low-rate financing? Would the price be lower if you paid cash, or supplied your own financing from your bank or credit union?
2. Does the financing require a larger-than-usual down payment? Perhaps 25 or 30 percent?
3. Are there limits on the length of the transaction? Are you required to repay the loan in a condensed period of time, say 24 or 36 months?
4. Is there a significant balloon payment - possibly several thousand dollars-due at the end of the loan?
5. Do you have to buy special or extra merchandise or services such as rustproofing, an extended warranty, or a service contract to qualify for low interest?
6. Is the financing available for a limited time only? Some merchants limit special deals to a few days or require that you take delivery by a certain date.
7. Does the low rate apply to all cars in stock or only to certain models?

### CONTENTS

Spot Delivery.....	1
Consumer Checklist.....	1
Consumer Education.....	2
Fast Facts.....	2
Scams.....	2

## Consumer Education:

Teachers please discuss this concept with your students!

### *Do you know your Consumer rights?*

**Right to Safety:** The right to expect your health, safety and financial well-being will be protected.

**Right to Information:** The right to have access to full and fair information and to be protected against false or misleading claims.

**Right to Choice:** The right to make an informed choice among products and services at fair and competitive prices.

**Right to Be Heard:** The right to a full and fair hearing and, if possible, a satisfactory resolution when dissatisfied.

**Right to Consumer Education:** The right to receive continuing consumer education that will help ensure you have the information you need to exercise your other rights as a consumer.

**Right to Service:** The right to convenience, courtesy and responsiveness to needs and problems and to take the steps necessary to ensure that goods and services meet the quality and performance levels claimed.

#### **To Request Free Educational Materials or Arrange for a Speaker Contact:**

Sherry King  
S.C. Department of Consumer Affairs  
3600 Forest Drive, P.O. Box 5757  
Columbia, SC 29250  
1-800-922-1594  
(803)734-4195  
king@dca.state.sc.us

#### **Consumer education should start now!**

Brandolyn Thomas C. Pinkston.....Deputy Public  
Information & Education  
Sherry Gore King.....Education Coordinator  
Shana Kinard.....Newsletter Editor

## Facts for Consumers: Closet Cues: Care Labels and Your Clothes

Your favorite sweater shrank, your new pants puckered and the colors in your new shirt ran. You're furious! However, don't toss the clothes out just yet. If you followed the cleaning instructions on the care labels, you can return the garments and ask the retailer for an exchange or a refund.

Under the Federal Trade Commission's Care Labeling Rule, manufacturers must tag their clothing with at least one safe cleaning method. Garments sold without a care label-or with inaccurate cleaning instructions-may violate the Rule. Manufacturers may use certain care symbols in place of words on labels, to help consumers understand the new symbols.

### ***Fast Facts:***

\* Care labels are required by law on all clothing, except: garments made primarily of suede or leather; footwear, gloves, hats or other items for the head or hands; and household items, such as linens.

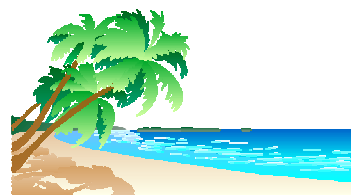
\* If you follow the care label's instructions and the garment is damaged, return it to the store. If the store will not resolve the problem, write to the manufacturer.

\* You can help the FTC assure that care labels are accurate and attached. Contact FTC (6th and Pennsylvania Avenue, NW, Washington, D.C. 20580 or call them at (202) 326-2222) to

report inaccurate or missing labels.

## SCAMS

The busy vacation season is coming to an end as is a Clearwater, Florida based travel agency. After hundreds of Virginia customers were given the runaround, steered to places they didn't want to go, or told nothing is available for trips and vacations they have been looking forward to, Virginia Attorney General Mark L. Earley decided to take action. Along with the FTC, Mark L. Earley has filed a federal complaint accusing Med Resorts International of travel-related fraud. Also known as and World Connections Travel, Interval International, and Destination Unlimited, Med Resorts International requires their customers to pay an up front fee to join. This fee includes 15 weeks of accommodation at various locations to be used over the next 40 years. Med Resorts International guarantees accommodations at many resorts located throughout the United States. Many Virginia customers in particular however, found out that Med Resorts International did not uphold to their guarantee. Since 1991, more than 300 complaints have been filed in Virginia against Med Resorts International. The Med Resorts complaint is part of a "Operation Travel Unravel." This program targets fraudulent travel operations such as Med Resorts International that are being investigated by the FTC and state law enforcement agencies around the country.



Source:  
The  
Washington  
Times

|

|